

Message Text

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PAGE 01 LAHORE 00338 020856Z

11/13

ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 L-03 DRC-01 PA-04 PRS-01 USIA-15 SAM-01 AID-20

NSC-10 SS-20 CEA-02 XMB-07 /157 W

----- 093966

R 280522Z FEB 74

FM AMCONSUL LAHORE

TO SECSTATE WASHDC 9905

INFO AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

LIMITED OFFICIAL USE LAHORE 0338

C O R R E C T E D C O P Y P A R A 2 L I N E 6

E.O. 11652: N/A

TAGS: EIND, PK

SUBJECT: PROSPECTS FOR NATIONALIZATION OF TEXTILE INDUSTRY
AND FOR EXPORT OF U.S. TEXTILE MACHINERY

REF: KARACHI 0161

1. IN LAHORE, WE HAVE HEARD SAME RUMORS ABOUT IMPENDING NATIONALIZATION OF TEXTILE INDUSTRY THAT KARACHI REPORTED IN REFTEL. MOST OF OUR CONTACTS IN INDUSTRY DOUBT THAT NATIONALIZATION WILL COME IN 1974, BUT ARE CONVINCED IT WILL HAPPEN IN NEXT 2 TO 5 YEARS, DEPENDING IN PART UPON WHEN NEXT GENERAL ELECTIONS SCHEDULED. IF ELECTIONS ARE SCHEDULED FOR 1974, ALL BETS ARE OFF, BUT MOST PUNDITS DOUBT THIS WILL OCCUR.

2. IN THIS ATMOSPHERE, IT IS INTERESTING TO NOTE SUCCESS OF RECENT TEXTILE MACHINERY TRADE MISSION IN LAHORE AND LYALLPUR. WHILE PUBLIC AND OFFICIAL FIGURES FOR SALES PROSPECTS FOR 1974 ADDED UP TO ONLY \$315,000, WE WERE TOLD,
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FYI ONLY, BY MISSION DIRECTOR AND TWO OTHER REPS THAT ACTUAL

SALES PROSPECTS IN PUNJAB AMOUNTED TO OVER \$20 MILLION, WITH GOOD POTENTIAL FOR MUCH MORE IN FUTURE, IF FIRST EFFORTS MATERIALIZE. SOMEWHAT SURPRISINGLY, INTEREST OF PRIVATE SECTOR AMOUNTED TO MAJOR PORTION OF LONG-RANGE PROSPECTS, LARGELY BASED ON HOPES THAT INITIATION OF JOINT VENTURES WOULD STAVE OFF NATIONALIZATION. (BULK OF IMMEDIATE PROSPECTS FOR \$20 MILLION SALES WAS IN PUBLIC SECTOR, BUT THAT DID NOT SEEM TO DETER US FIRMS; INSTEAD, IT OFFERED IMPETUS TO EFFORTS, AND COMPANIES MENTIONED PLANS TO DISPATCH MORE REPS IN NEAR FUTURE.)

3. AS LAHORE AND KARACHI HAVE MENTIONED SEVERAL TIMES IN PAST, FUTURE PROSPECTS FOR EXPORTS OF US MACHINERY TO PAKISTAN DEPEND IN LARGEMEASURE UPON SUCCESS IN FINDING ADEQUATE FINANCING, ESPECIALLY FROM EXIM. WITH PAKISTAN'S PAST RECORD ON DEBT REPAYMENT, WE REALIZE IT IS DIFFICULT FOR EXIM TO LOOK FAVORABLY ON LOANS TO PROJECTS HERE, BUT WE BELIEVE POTENTIAL EXPORT EARNINGS FOR US ECONOMY AND OTHER FACTORS JUSTIFY TAKING RISK THAT SITUATION WILL IMPROVE IN VERY NEAR FUTURE.
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Message Attributes

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